



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 8, 2004

### **H.R. 3981**

#### **A bill to reclassify fees paid into the Nuclear Waste Fund as offsetting collections, and for other purposes.**

*As ordered reported by the House Committee on Energy and Commerce  
on June 24, 2004*

#### **SUMMARY**

For the next five years, H.R. 3981 would change the budgetary treatment of fees paid by nuclear utilities for the future storage of nuclear waste at the Yucca Mountain site in Nevada. Currently, collections from that fee are recorded in the budget as offsetting receipts, thus reducing mandatory spending. Under H.R. 3981, the annual fee would be treated as an offsetting collection and would offset discretionary spending provided in future appropriation bills. The legislation would authorize the appropriation of sums necessary to prepare the Yucca Mountain site to accept nuclear waste.

The reclassification of the nuclear waste fees would raise mandatory outlays by an estimated \$3.6 billion. In addition, CBO estimates that the bill would authorize the appropriation of \$6.4 billion over the 2005-2009 period for construction work at the Yucca Mountain site. Resulting outlays would come to \$5.3 billion during that period. The reclassified fees would partially offset those outlays, so that net discretionary spending for the nuclear waste disposal program would total \$1.8 billion over the five-year period.

H.R. 3981 contains no intergovernmental or private-sector mandates, as defined by the Unfunded Mandates Reform Act (UMRA), and would not affect the budgets of state, local, or tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 3981 is shown in the following table. The costs of this legislation fall within budget function 270 (energy).

	By Fiscal Year, in Millions of Dollars					
	2004	2005	2006	2007	2008	2009
<b>CHANGES IN DIRECT SPENDING</b>						
Estimated Budget Authority	0	576	754	757	767	767
Estimated Outlays	0	576	754	757	767	767
<b>SPENDING SUBJECT TO APPROPRIATION</b>						
Spending Under Current Law for Nuclear						
Waste Disposal						
Budget Authority <sup>a</sup>	577	0	0	0	0	0
Estimated Outlays	544	173	0	0	0	0
Proposed Changes						
Estimated Gross Authorization Level	0	880	1,162	1,103	1,645	1,643
Estimated Outlays	0	440	845	1,076	1,386	1,536
Less: Offsetting Collections						
Estimated Authorization Level	0	-576	-754	-757	-767	-767
Estimated Outlays	0	-576	-754	-757	-767	-767
Net Spending Under H.R. 3981 for Nuclear						
Waste Disposal						
Authorization Level <sup>a</sup>	577	304	408	346	878	876
Estimated Outlays	544	37	91	319	619	769

a. The 2004 level is the amount appropriated for that year.

## BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 3981 will be enacted near the end of fiscal year 2004. We estimate that reclassifying the nuclear waste fee would increase direct spending by \$3.6 billion over the 2005-2009 period and reduce discretionary spending by the same amount. If the estimated sums are appropriated, net discretionary spending over that five-year period would total \$1.8 billion.

## **Reclassification of the Nuclear Waste Fee**

Currently utilities pay a fee equal to one mil (one tenth of one cent) per kilowatt-hour of electricity generated by nuclear power plants to the federal government for future storage of nuclear waste at the Yucca Mountain site in Nevada. CBO estimates that receipts from such fees will amount to \$3.8 billion over the next five years.

H.R. 3981 would change the budgetary treatment of those fees. Instead of being classified as offsetting receipts (that is, offsets to mandatory spending), they would become offsetting collections (offsets to discretionary spending). That reclassification would be effective for five years. The amount reclassified would be limited to the sums appropriated for the nuclear waste disposal program, and could not exceed \$576 million in 2005. Because those receipts would no longer offset mandatory spending, outlays for that category of spending would increase by an estimated \$3.6 billion over the 2005-2009 period—assuming appropriation of the amounts CBO estimates would be authorized by the bill.

## **Cost of the Nuclear Waste Program**

H.R. 3981 would authorize the appropriation of such sums as are necessary to implement activities related to the Yucca Mountain nuclear waste storage site over the 2005-2009 period. Based on information from the Department of Energy, CBO estimates the nuclear waste disposal program would need appropriations totaling \$6.4 billion over the 2005-2009 period; outlays would total \$5.3 billion over that period. Those funds would be used for licensing and construction of the site, construction of rail lines to the site, appropriate storage casks and rail cars for transportation of nuclear waste, and related work.

Because the bill would reclassify existing fees for nuclear waste disposal, the net impact of the legislation on discretionary spending would be smaller. Net of the fees required under current law, appropriations would total \$2.8 billion and the resulting outlays would come to \$1.8 billion over the 2005-2009 period, CBO estimates.

Spending for the nuclear waste disposal program is expected to continue long after 2009. In its May 2001 report, *Analysis of the Total System Life Cycle Cost of the Civilian Radioactive Waste Management Program*, the Department of Energy estimates the future cost to conduct the nuclear waste program is about \$50 billion, in constant 2000 dollars, from 2001 through closure and decommissioning of Yucca Mountain in 2119. (In December 2003, DOE certified that the 2001 life-cycle cost report remained valid.)

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 3981 contains no intergovernmental or private-sector mandates as defined by UMRA and would not affect the budgets of state, local, or tribal governments.

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